

CLASSIFICATION

CENTRAL INTELLIGENCE AGENCY

## INFORMATION REPORT

REPORT

CD NO.

25X1

COUNTRY East Germany

DATE DISTR. 28 June 1955

SUBJECT 1954 Plan Fulfillment of the Main Administration  
for the Steel Industry in the Ministry of Heavy  
Industry

NO. OF PAGES 3 25X1

PLACE  
ACQUIREDNO. OF ENCLS.  
(LISTED BELOW)

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DATE OF  
INFO.SUPPLEMENT TO  
REPORT NO.

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1. Number of Establishments

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As of 31 December 1954,, the Main Administration for the Steel Industry en-  
compassed 32 nationalized establishments and 1 administrative establishment.  
(Verwalterbetrieb). On 1 January 1954, 3 former SSG establishments were taken  
over, bringing the total of plants under the Main Administration to 36.

2. 1954 Production Plan

Main Administration fulfilled its production plan by.....103.5 %

a) Iron

Planned production quota.....1,506,000 tons

Achieved production.....1,470,103 tons ..... 98. %

(Due to the fact that Eisenerzgruben Saalfeld under-  
fulfilled its plan by 72%)

Planned production quota for ferrous content... 399,200 tons

Achieved ferrous content..... 418,957 tons..... 105 %

(The ferrous content of the ore at Badeleben proved to be higher than foreseen  
in the Plan. The 22% ferrous content anticipated at Leuna-Lositz Voigtland  
proved in reality to amount to 26-27%.)

390,000 tons

317,837 tons..... 95 %

239,495 tons

Malin and

Lohde

repairs of

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c) Crude Steel:

Planned production in blooms..... 2,304,300 tons.....  
 Achieved ..... 2,279,039 tons..... 99 %  
 Production increase over 1953 of.....  
 (Fulfillment at VEB Riesa amounted to only 90% due to deterioration of the quality of the furnace-charging material and the inferior quality of lignite briquettes. Production arrears in Brandenburg were due to a shortage of charging materials and to difficulties with the steam supply. In addition, the breakdown of several furnaces in April, and again in July, increased the arrears even more.)

d) Profile Steel Types (Walzen- und Schmiedeeisen):

Production planned for 1954..... 823,235 tons  
 Actually rolled ..... 803,940 tons..... 98 %  
 (Brandenburg had the greatest production arrears with about 27%. This was due chiefly to the fact that the profile-steel rolling train only went into operation on 11 March 1954. An additional cause was also the extraordinarily poor quality of the profile rollings at Coswig. Orders on hand for rough bar steel - in contrast to the rolling mills was overfulfilled by 189.4%.)

e) Sheets:

Production for 1954 was planned at..... 411,000 tons  
 Actually rolled ..... 431,573 tons..... 105 %  
 An increase over 1953 of..... 50 tons  
 (The Plan was overfulfilled not only in the case of cold-rolled products, but also in medium and thin sheets, as well as in dynamometers. The orders for cold-rolled products, bar-drawn products, and forged and rolled products were generally fulfilled in the establishments. Underfulfillment was observed only in the case of 88.2% ferrous alloys - 88.2%.

f) Consumer Goods:

The 1954 Plan originally amounted to..... 50,579 TDM  
 It was later increased to..... 68,147 TDM  
 Production in 1953 amounted to..... 49,527 TDM  
 1954 production surpassed 1953's by..... 16,270 TDM or 31%  
 (Although the total goal was not fulfilled, 14 plants overfulfilled their individual plans. An important point was the guarantee of a production of 200,000 umbrellas. The plan also provided for an increase of capacity so that by 1956 the production of umbrellas can be covered. With that, imports of these goods will cease entirely.)

3. Fulfillment of 1954 Investment Plan

Available for investment in main installations in 1954..... 95,295 TDM  
 Available for auxiliary installations..... 8,883 TDM  
 Total investments available at beginning of 1954..... 104,178 TDM  
 During the course of 1954 these figures were raised:  
 Main installation investments to..... 128,503 TDM  
 Auxiliary installations to..... 9,083 TDM  
 A total of..... 137,586 TDM

The plan for main installations was fulfilled by 98%, that for auxiliary installations by 99%.

The carry-over for main installations amounts to..... 1,873 TDM  
 That for auxiliary installations totals..... 120 TDM

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Funds for general repairs allotted for 1954 amounted to \$1,266 TDM  
Of this, for main installations and power installations \$1,015 TDM  
for auxiliary installations \$251 TDM  
Percent amounted to 98% - 99.7% in the main installations  
auxiliary installations.

5. Fulfillment of Labor-Force Plan (Arbeitsoekonomische Plankennsiffern)

The gross wage sum for industrial personnel rose 8.1% over the 1954 Plan and that for production workers was 4.1% in excess of the Plan.

Original decrease in self-costs planned for 1954 was.. 107,117.5 TDM or 7.7 %  
Because of reductions in the Plan Akkumulation, this  
original sum was increased to..... 113,325.5 TDM or 8.13%  
During the course of 1954 this was altered to..... 93,070.6 TDM or 7.35%  
Actually achieved was a decrease of..... 39,544.9 TDM or 3.13%  
The Main Administration for the Steel Industry thus exceeded  
the quota set down in the plan by..... 53,525.7 TDM

## 7. General Evaluation of the 1954 Plan Year

In general it can be said that 1954 brought no significant improvement over previous years. The flow of materials continued to be irregular. [redacted] in organization [redacted] establishments - [redacted] "netting" - was not [redacted] published [redacted] since the first [redacted] of 1955, so [redacted] problem during [redacted]

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Number of Establishment

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As of 31 December 1954, the Main Administration for the Steel Industry en-  
compassed 2 nationalized establishments and 1 administrative establishment  
(Verwaltungsstelle) on 1 January 1955, former SAG establishments were taken  
over, bringing the total of plants under the Main Administration to 26.

Fulfillment of 1954 Production Plan

In all, the Main Administration fulfilled its production plan by 103.5 %

a) Iron Ore:

Planned production quota.....1,506,000 tons  
Achieved production.....1,470,103 tons ..... 98. %  
Nonfulfillment was due to the fact that the plant at Schalldorf under-  
fulfilled its plan by 72 %  
Planned production quota for ferrous content... 399,200 tons  
Achieved ferrous content..... 418,957 tons..... 105 %  
(The ferrous content of the ore at Badeleben proved to be higher than foreseen  
in the Plan. The 22% ferrous content anticipated at Lage staette Voelpe  
proved in reality to amount to 26-27%.)

b) Pig Iron:

Planned production for 1954.....1,390,000 tons  
Achieved production.....1,317,837 tons..... 95 %  
Compared with 1953, this is an increase of 239,495 tons  
Nonfulfillment was caused chiefly by the Eisenhuettenkombinat J.W. Stalin and  
the Maxhuetten, where shortcomings - particularly irregular coke  
deliveries - disrupted production. In addition, unplanned general repairs of  
blast furnaces at both plants caused a lowering of production.)

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c) Crude Steel:

Planned production in blooms..... 2,304,300 tons  
 Achieved ..... 2,279,039 tons..... 99 %  
 Production increase over 1953 of..... 164,090 tons  
 (Fulfillment at VEB Riesa amounted to only 96% because of a deterioration of the quality of the furnace-charging material and the inferior grade of lignite briquettes. Production arrears in Brandenburg were due to a shortage of charging materials and to difficulties with the steam supply. In addition, the breakdown of several furnaces in April, and again in July increased the arrears even more.)

d) Rolled Steel Types (Walzsorteneisen).

Production planned for 1954..... 823,235 tons  
 Actually rolled ..... 803,940 tons..... 98 %  
 (Brandenburg had the greatest production arrears with about 27%. This was due chiefly to the fact that the profile steel rolling train only went into operation on 11 March 1954. An additional cause was also the extraordinarily poor quality of the profile rollings at Coswig. Furthermore, there were few orders on hand for rough bar steel - in contrast, the semi-finished steel plan rolling mills was overfulfilled by 149.4%.)

e) Rolled Sheets:

Production for 1954 was planned at..... 411,000 tons  
 Actually rolled ..... 431,573 tons..... 105 %  
 An increase over 1953 of..... 46,050 tons  
 (The Plan was overfulfilled not only in rough sheet but also in medium and thin sheets, as well as in dynamo sheet. The quotas for cold-rolled products, bar-drawn products, and forged and cast pieces were generally fulfilled in all establishments. Underfulfillment occurred only in the production of seamless pipes 2%; ferrous alloys - 8.2%; and steel castings - 98.6%.)

f) Consumer Goods:

The 1954 Plan originally amounted to..... 50,579 TDM  
 It was later increased to..... 68,147 TDM  
 Production in 1953 amounted to..... 49,527 TDM  
 1954 production surpassed 1953's by..... 16,270 TDM or 31%  
 (Although the total goal was not fulfilled, 14 plants overfulfilled their individual plans. One important point was the guarantee of a production of 200,000 umbrella frames, and a further increase of capacity so that by 1956 the entire domestic demand can be covered. With that, imports of these frames can cease entirely.)

3) Fulfillment of 1954 Investment Plan

Available for investment in main installations in 1954.....	95,295 TDM
Available for auxiliary installations.....	8,883 TDM
Total investments available at beginning of 1954.....	104,178 TDM
During the course of 1954 these figures were raised:	
Main installation investments to.....	128,503 TDM
Auxiliary installations to.....	9,083 TDM
A total of.....	137,586 TDM

The plan for main installations was fulfilled by 98%, that for auxiliary installations by 99%.

The carry-over for main installations amounts to.....	1,873 TDM
That for auxiliary installations totals.....	120 TDM

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#### 4. Fulfillment of General Repairs Plan

Funds for general repairs allotted for 1954 amounted to... 25,854.6 TDM  
 of this, for main installations and power installations ... 23,011.5 TDM  
 and for auxiliary installations ..... 2,843.1 TDM  
 Total plan fulfillment amounted to 98% = 99.7% in the main installations  
 and 81.5% in the auxiliary installations.

(Nonfulfillment in the main installations resulted from non-observance of delivery obligations by establishments of the Machine Construction and the Building Industries. The 82.5% fulfillment for auxiliary installations was due to the fact that a number of plants reserved their repair funds in order to carry out general repairs in 1955 on a larger scale.)

#### 5. Fulfillment of Labor Force Plan (Arbeitsökonomische Plankennziffern)

The number of industrial personnel rose from 76,874 in 1953 to 79,141 in 1954, thus exceeding the 1954 plan figure = 75,150 = by 5.3%. During the same time the number of production workers increased from 51,588 to 53,542. The 1954 Plan anticipated 53,500, so that this figure was exceeded by only 0.1%.

The gross wage sum for industrial personnel rose 8.1% over the 1954 Plan and that for production workers was 4.1% in excess of the Plan.

#### 6. Selbstkosten Plan Fulfillment (Costs)

Original decrease in Selbstkosten planned for 1954 was... 107,117.5 TDM or 7.7 %  
 because of reductions in the Plan Akkumulation, this  
 original sum was increased to..... 113,325.5 TDM or 8.13%  
 During the course of 1954 this was altered to..... 93,070.6 TDM or 7.35%  
 actually achieved was a decrease of..... 39,544.9 TDM or 3.13%  
 The Main Administration for the Steel Industry thus exceeded  
 the quota set down in the plan by..... 53,525.7 TDM

All factors relating to the failure to meet the Plan requirements in the reduction of Selbstkosten lead to the result that the average Planselbstkosten, which anticipated a cost of 275.25 DEM per ton of pig iron in 1954, actually amounted to 310.77 DEM.

#### 7. General Evaluation of the 1954 Plan Year

In general it can be said that 1954 brought no significant improvement over previous years. The flow of materials continued to be irregular. The chief goals in the production organizations of our establishments - "constant procurement, constant production, constant marketing" - was not accomplished. The same situation has developed during the first months of 1955, so that achievement of the above-mentioned goals will continue to be a problem during 1955.

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